

FDS Me. V
12/04/09

ALG Minutes---November 18, 2009

Present: Bart Wendell, facilitator; Paulina Knibbe, Peter Berry, BoS; Sharon McManus, Xuan Kong, SC; Herman Kabakoff, Mary Ann Ashton, FC; Steve Ledoux, John Murray Steve Mills, Marie Altieri, staff.
Audience: Dore Hunter, Minuteman; Tess Summers, school finance dept; Steve Barrett, town finance dept.; Ruth Kohls, LWV; Dick Calandrella, Charlie Kadlec.

8. Mary Ann asked for time to present an update on the cost savings plan

Bart asked if his understanding of the ALG rules were correct. It was his understanding that the public was allowed to speak to the issues at the end of the meeting, if time allowed. Members confirmed his understanding.

1. Minutes were Ok'd.

2. FY Town & State Budgets—revenue update Steve Ledoux; Steve Mills

Steve L said he did not expect the Governor's 9c cuts to come until Jan. But he did expect them. He said that in general local aid was not touched save for \$700 from library aid. He is keeping the hiring and spending freeze in effect.

Steve M said that the school situation was similar to that of the town. He noted that there have been media announcements of a 5% cut in circuit breaker but he has not received official word. The 5% represents \$48k for APS.

Recent superintendent's meeting discussed a 45% cut in regional transportation budget—again there has been no "official word." If true, that would mean a \$350k problem for next year.

SL: reported that a MMA meeting speaker, Rep. Jay Kaufman wanted/tried to get the 9c cuts to come before Jan instead of waiting. There does not seem to be a good reason for the delay unless the decrease in local aid resulting in budget cuts does not need to go to a Town Meeting.

Marie noted in the past the DOR allowed towns to "bank" transportation money so money received in FY 09 could be use in FY 10. The DOR has now said the money must be used in the year received.

Herman: that will mean a bump in E&D for a one-time benefit.

Marie We have enough to cover FY 10---FY 11 will be a transitional year

3 Split allocation: school debt & police 4. Review of ALG spreadsheet

Extra Info: sheet showing APS debt & Cops program; ALG budget sheets 1. 10% cut in state aid & 3% budget increase that has over \$2M deficit; 2. 10% cut state aid 0% budget increase; 3. 10% cut state aid & level service that has over \$4M deficit. "John's sheet" detailing FY 11 0%; FY 11 plus 3% FY 11 level service FY 11 what if.

As requested, John Murray, Steve Barrett, Marie Altieri & Tess Summers met to research the on the payments of the APS debt to the town and calculating the annual costs which is \$308,822 /yr

Discussion/explanation

The final costs for the Douglas roof will have debt service in FY 11.

Pg 2. Changes in revenues due to changes in DOR regulations ---reduction in overlay amount; for tax title only interest can be (\$88,800)—it is not a recurring revenue (the reason behind the DOR rule)

Herman: I thought the budget balanced because we could use the \$360k [tax title \$\$] and

now we can't use that money.

John: the DOR has allowed a 5% increase in excise tax & a lower overlay balance.

Mary Ann asked if there was some statute that was regulating the DOR changes.

John said no but the commissioner was "clamping down"

MA suggested that these actions were designed to force communities into savings.

Sharon: the FY10 budget looks to be in balance so that the tax rate can be set—I am concerned about the excise tax number any possible revenues that will show up late in the process [and cannot be used]

Marie: The spreadsheet has another col. with FY 10 Town Meeting; FY 10 Sept & then Nov. The changes in interest \$276k-\$300k; fees \$835k -\$940k

There were questions about the increase in fees

Steve L said the number of building permits was up & the numbers were real as they are reported on the recap sheet

Marie: For FY 10, 11 12, & 13 things are flat---we have worked with John & Steve B and have been conservative

MA noted that there will be a change in the reserves because of the DOR regulation

Marie: The tax title & regional transportation will be a reserve regeneration for free cash of \$272k & \$300k to E&D. She wanted to make the money available for possible FY 10 cuts.

John said that was not allowed. But after the tax rate is settled if we are short in June we can use the reserves to balance.

APS Debt & COPs

Marie reported that they went back through the programs to determine how the debt was allocated on the ALG plan. In 2008 \$200k more than is being carried on current spreadsheet. \$194k was in APS in FY 09 but not FY 10. So we have put it back in FY 09 and also FY 11. There is a line showing the decrease for the APS & increase for the town. The increase in new growth will keep the balance.. Marie said she will incorporate these changes [on ALG plans] going forward.

Herman: we have the option of dropping the program [COPs] so dropping the costs.

Paulina: If the school drops the program, there is a question if the town will pick it up

Back to spreadsheet:

Marie: on the 3% increase sheet, reserves are not changed since Town Meeting, If we use \$2M reserves for the next three years ---there is a \$2-2.5 M "problem" 0% increase gets closer to a balance in next three years but also represents significant cuts

On the level service—no new staff—deficit of \$4m.

Paulina: my sense is that we are using up free cash

Marie: Free cash adds \$250k each year; E&D \$50k

Review of Summary Sheet

Revenues constant at 0 & 3% levels

\$7.6M reserves between both, cuts in service

3% level would require \$4.3M in reserves, 0% level balances but requires a combination of cuts and reserves totaling \$4.3M. Level service would require \$5.7M use of reserves

John Murray's Sensitivity Chart

The labor contracts are not signed. Police and fire have gone to arbitration. The increase for labor will come from free cash and is retroactive to FY 07.

P. Berry: the labor increases have to pass Town Meeting, if they do not, negotiations will have to be reopened.

Steve L: we need direction. He will present the budget to BoS on Dec 21st. I want to know the ALG policy on the use of reserves to finalize the budget"

MA: it looks as if there may be a 1% liability for the settlement.

Steve L: That's part of the difficulty [estimating the pay]—there may be savings in health care...I just do not know how to estimate.

MA: "It's germane to our decision---the reserves are there, we need some kind of number for an estimate---even a range would be helpful"

Marie: FY 11---planning purposes 3% & 0%

S. Mills: school cuts at 3% means \$1.6M 0% \$3.2 M. I'm hoping for a resolution between \$1.6-\$1.7M---no lay offs. 3% there are significant cuts but not professional staff 0% at \$3.2 M would include 15-20 professional staff.

Marie: those numbers include the use of almost \$2M in reserves.

Herman: reserve use is up from \$2-\$4M let's assume stay at \$1.9M...

Bart: that needs to be decided

Steve L: which scenario do we use?

H: embedded in this assumption is that we will tax to the full 2.5% level.

Ans: yes.

Bart: is there any clarity?

Herman: what services would be cut; do we have a head counts? It should be no more than 3% increase

Xuan: it was my understanding ALG would have a 0%, level; and 3%---constraints on the schools will be severe. We need to decide an acceptable impact on services for each unit

Bart: can we come to a recommendation now or do you have to go back to your boards?

Paulina: we have to give staff guidance level service is out. My suggestion is to build a 3% budget with an addendum -listing what is dropped. Let's work from data

Xuan: does that mean no use of reserves?

Paulina: 3% implies the use of reserves

Marie: 3% but at what level of reserves?

J. Murray: The 3% needs \$4.3M

Herman: I heard to keep the baseline at \$1.9M.go with the 3% & list the cuts---those cuts we don't want made add back but keep the reserve position

Bart: it will be out of balance

Herman: make the service cuts.

J. Murray to get to the 3% we need the \$4.3M---what you are saying is to use the \$1.9 M

to get to the 3%---how are you going to do that?

****Bart: Is there agreement? Agreement even though it means service cuts?

Paulina: Let's use the 3% as a starting point---then knowing we can't get there using \$1.9M, see how we can deal with the shortfall and list the cuts.

The alternative is to increase the use of reserves

***There was agreement on this approach.

***There was agreement to go back to boards

It was recognized that the \$1.9M use of reserves would result in service cuts

Bart: the following proposal: 3% using \$1.9M reserves; list of cuts; list to get to 0% & take it back to the boards

J. Murray: if we make these cuts---how will we manage the split?

Marie we need to make sure the numbers are correct

7. Meals tax

Extra info|: calculations for the meals tax & procedures needed to follow for it's implementation. Letter from EDC in opposition. Taken out of order because Peter Berry had to leave. It is not clear if the BoS is going to push this option.

5. Minuteman Expansion

Dore Hunter, Acton's Minuteman rep reported on the progress of the schools' need to enter into a building renovation program. The difficulties in getting the 16 towns to agree to increase their assessment is a difficult process even though the first part will be a call for design money @ \$1.2-\$3M.

The superintendent will come to Acton and discuss/explain the project

8. Other

Mary Ann reported that the FC met and discussed the cost reduction plan and now is ready to bring the plan before the BoS & SC. This will be done.

She suggested that a subcommittee be formed 2 BoS/2 SC/2 Staff to do additional analyses. She noted that the town staff had already seen the document and made some good suggestions.

Public:

Mr. Kadlec corrected the minutes, pg 3 last line: "...taking the existing debt from the operating budget and ask for a debt exclusion override is a tax increase."

He also asked that the FY 09 actuals to the spreadsheet be electronically distributed & that he get a copy.

John Murray asked that people be careful not to blame the employees for the current fiscal situation. It is the employees who will have their salaries cut.

Next meeting December 16th

Adjourned 8:47
Ann Chang